

Enhancing Our Management Base

Our Corporate Governance System

On our path to becoming a “light” solutions company, we lay an even stronger foundation, supporting astute resource allocation and agile decision-making.





Messages from Outside Directors



Profile

Masatoshi Matsuzaki
Outside Director

Taking Office as Chair of the Board of Directors

At one of our executive sessions, which are meetings comprising only outside directors, the opinion that I, as an outside director, should be Chair of the Board of Directors in order to strengthen Ushio's corporate governance was expressed. With the blessing of the internal directors, I was elected to this position after the Board of Directors meeting following the Annual General Meeting of Shareholders in June this year (2023).

Since I joined Ushio Inc. as an outside director in June last year (2022), I have taken in elements such as how board meetings are convened, how agendas are set, how proceedings are managed, and how minutes are created. On several occasions, I felt that governance was not in a desirable state and that outside directors were not able to perform their functions adequately, despite being large in number. This may be a result of the fact that the style from when the

founder led the Board of Directors had continued to be followed by the internal directors and the secretariat of the Board of Directors as a matter of course.

Starting with the premise that approval cannot be given without a reasonable explanation, I have taken actions such as requesting opportunities for deliberation during the formulation of execution plans when approving important matters like the Medium-Term Management Plan. In order to establish the transparent, fair, timely and decisive decision-making process in consideration of the perspectives of shareholders and other stakeholders set out in Japan's Corporate Governance Code and achieve the Code's objective of sustainable corporate growth and increased corporate value over the medium- to long-term through the perspectives of diverse outside directors, I also came to the conclusion that it would be better for Ushio to have an outside director serve as Chair of the Board of

Directors. Other outside directors recommended me because I had experience of chairing the Board of Directors as an outside director at other companies, and I accepted the position.

As Chair of the Board of Directors, I will start by establishing transparent, fair, timely and decisive decision-making processes. To that end, I will demand the provision of information and rational explanations necessary for decision-making. This is necessary for decision-making that is not only transparent and fair, but also timely and decisive, because it is impossible to act quickly and definitively if information and explanations, including those with regards to risks, are insufficient. We must also share our framework for decision-making.

Next, I will select agenda items that I believe merit discussion based on my standpoint as an outside director, focusing on improving Ushio's corporate value in the medium to long term, and use that as a basis for effective deliberation by sharing issues to be addressed. Having an outside director serve as Chair of the Board of Directors is highly significant in terms of being able to include a supervisory perspective in setting the agenda and leading proceedings in a way that enables effective discussions to be held. I would like us to keep in mind that corporate value is purely economic value, that is, the present value of the cash flow that a company will generate in the future.

For example, in 2nd Medium-Term Management Plan, which Ushio announced in May this year, we stated our intention to work even harder on ESG (non-financial factors) issues, and I would like us to examine how we can tie them to improving economic value and whether we are working with the story we have set in mind while examining both risks and opportunities for growth.

In terms of focusing on improving Ushio's medium- to long-term corporate value, we recognize the extreme importance of following through on the Medium-Term Management Plan. With regards to capital policy, when the current Medium-Term Management Plan was created, the other outside directors and I pointed out that Ushio had not made strategic and effective use of capital. We asked that time be allocated for deliberation, and offered some guidelines as we discussed and formulated such a policy. In terms of business strategy, on the other hand, the Board of Directors did not have enough time to discuss which businesses should receive strategic and priority investment, how we should grow those businesses, and the extent to which we should or can grow them. As a result, three

business segments were launched in parallel, which was regrettable. It has been agreed with the internal directors that we will continue to deliberate business strategies, and handle them as important agenda items for the Board of Directors in this fiscal year. Ushio can compete globally only in specific businesses within Industrial Processes (lamps, equipment, and related solutions), and I hope to see us reexamine and deliberate this distinction and how we can grow these distinctive businesses, then show that externally.

I have been an outside director for several Japanese companies, and I believe that in order for the Board of Directors to function effectively, it is important to align our understanding of oversight, which is the role of outside directors, how it differs from monitoring and the significance of being subject to oversight from the perspective of internal management.

Messages from Outside Directors



Message from Chairperson of the Nomination and Remuneration Advisory Committee

Profile

Sakie Tachibana Fukushima
Outside Director

Activities of the Nomination and Remuneration Advisory Committee
Ushio's Nomination and Remuneration Advisory Committee comprises a total of six members, five outside directors and one inside director. In the fiscal 2022, the committee met a total of 9 times, with a 100% attendance rating by all members.

Major matters considered by the committee in the most recent fiscal year are described below.

Recommendations Regarding Remuneration Scheme for Directors and Executive Officers and Linked KPIs During the 2nd Medium-Term Management Plan

As Ushio works toward the realization of Vision 2030, in line with the start of the 2nd Medium-Term Management Plan (fiscal 2023 to 2025, hereinafter, "the current Medium-Term Management Plan") in April 2023, which is based on the pillars of building a structure to provide light solutions, overhauling the business portfolio and expanding strategic investments, the Nomination and Remuneration Advisory Committee has worked to change the evaluation and remuneration system to improve linkage with this plan, further increase the motivation of directors and executive officers to contribute to improving corporate value, and encourage the steady implementation of the current Medium-Term Management Plan. We have been proactively working in this area as our most important theme.

As a result of these activities, the following recommendations regarding improvements to the evaluation/remuneration system were made to the Board of Directors and were approved.

1. Financial targets for short-term performance-linked financial remuneration and medium- and long-term performance-linked stock remuneration were linked to key KPIs from the current Medium-Term Management Plan, and ROE (calculated excluding new goodwill amortization) and consolidated EBITDA were adopted.
2. ESG benchmarks were introduced as common KPIs linked to medium- and long-term performance-linked stock remuneration for all directors and executive officers.
3. In order to further increase motivation for directors and executive officers to enhance corporate value and promote the steady implementation of the current Medium-Term Management Plan, the remuneration composition ratio was reviewed and the proportion of medium- and long-term performance-linked stock remuneration was increased.
4. In order to promote the steady implementation of the Medium-Term Management Plan, with regards to medium- and long-term performance-linked stock remuneration, the base number of stock points set for different director and executive officer positions was weighted toward the final year of the Medium-Term Management Plan period.
5. The adoption of malus and clawback provisions for medium- and long-term performance-linked stock remuneration has continued.

Recommendations Regarding the Governance System in the Next Fiscal Year
Examination of Board of Directors composition: With regard to the selection of director candidates for fiscal 2023, we held examinations on the number of directors (both outside and inside) appropriate for enhancing the effectiveness of the Board of Directors. At the same time, we determined the number of new candidates for outside and inside directors based on the number and skills of directors scheduled to retire in accordance with Ushio's criteria for tenure and other standards.

In the case of selection of outside directors, we established a process for tapping candidates for appointment as outside director after making a list of candidates and narrowing them down not only to ensure compliance with the Company's standards of appointment and independence but also to gain optimal skill matrix coverage in terms of corporate strategy. Based on this process, we selected Mr. Tetsuo Nakano and Mr. Naoaki Mashita as new candidates for director and made a recommendation for their appointment to the Board of Directors. They were subsequently appointed in June 2023.

Tetsuo Nakano	After having worked in the sales division of our Light Source Business for many years and directed the management of China Group Companies, Mr. Tetsuo Nakano assumed the position of General Manager of the Light Source Business in April 2019. Since April 2022, he has been serving in the position of General Manager responsible for the promotion of ESG management. With such extensive experience and knowledge, we judged that he could be expected to perform an appropriate role in overall management toward further improving corporate value.
Naoaki Mashita	As the founder and manager of an information and telecommunications and DX business company, Mr. Naoaki Mashita has been engaged in global corporate management with offices in Asia and North America, and possesses global values along with a wealth of experience and in-depth knowledge in the field of IT. With such strengths, we determined that he would be able to provide useful supervision and advice to the Company.

Appointment of outside director as chair: In order to enhance the supervisory functions of the Board of Directors, we recommended to the Board that outside director Masatoshi Matsuzaki, who has extensive experience chairing boards of directors, be appointed as Chair of the Board of Directors.

Executive Officer Monitoring and Recommendations Regarding Management Structure for Next Fiscal Year

In addition to examining the internal executive structure and the Company's management succession plans, the Nomination and Remuneration Advisory Committee has also monitored and made recommendations regarding the appointment and training of next-generation management candidates as part of the Company's medium- to long-term succession plans.

Activities of the Nomination and Remuneration Advisory Committee

Applicable to:	1. All executive officers, including the CEO 2. Candidates for the next generation of Ushio's management (executive officers) based on the recommendations of the CEO
Assessment	Interviews held by all of the outside directors
Recommendation content	As outside directors, we collected opinions on ways to cultivate individual candidates in the future such as through the assignment of difficult tasks, and made recommendations to the CEO accordingly.

The current CEO has respected and reflected the opinions and instruction of the Nomination and Remuneration Advisory Committee in terms of appointments and training. Furthermore, we will oversee the PDCA cycle for medium- to long-term succession, including 360-degree evaluation. By doing so, we will make recommendations that can be utilized for the further discovery and development of talent for the next generation and the generation after.

Redefinition of Selection Process for Candidates for Directors Who are Audit & Supervisory Committee Members

Ushio uses an Audit & Supervisory Committee system. As such, the selection of candidates for directors who are Audit & Supervisory Committee members is determined by the Audit & Supervisory Committee. However, as some aspects of the relationship and information sharing with the Nomination and Remuneration Advisory Committee were unclear, we held discussions with the Audit & Supervisory Committee to clarify the process of selecting candidates for directors who are Audit & Supervisory Committee members as part of internal regulations.

Messages from New Directors



Profile

Tetsuo Nakano
Director and Managing Executive Officer

I joined Ushio Inc. in 1988 and am now in my 35th year with the Company. When I joined Ushio Inc., I was involved in light source sales first, then, I was assigned to Ushio Shanghai, Inc. in 2007, and we established sales bases and customer service locations across China over the 12 years that followed. Starting with the establishment of the ASIA Strategy Executive Committee (ASET) in 2016, we have promoted consolidated management with seamless cross-border connections with group companies in charge of manufacturing and sales in China, South Korea, Taiwan, and Southeast Asia. We aimed to achieve consolidated management with an awareness of reinforcing governance alongside this business expansion.

I have been responsible for operations as General Manager of the ESG Promotion Headquarters since 2022. In terms of promoting ESG management in a manner as befitting of "Ushio" as possible, one particularly important aspect is that, based on my past experience, it is easy for an expanding business to be preoccupied with immediate action and neglect governance. However, strong governance means effective governance, and establishing a thorough management system will enable us to take control and ensure continued sound management. I believe that reinforcing governance will lead to three outcomes:

1. Improvement of the Company's social value (external trust, brand power as an outstanding company, etc.)
2. Creating employee-friendly work environments (organizing the internal management system enables highly-transparent workflows, making it easier to eliminate unreasonableness, waste, and disparities within the Company)
3. Expansion of long-term profitability (leading to more efficient business operations results in expanding long-term profitability and also enables exploration of measures to further enhance corporate competitiveness by reinvesting profits)

Reinforcing governance in this way will lead to improvements in organizational competitiveness and resilience. Finally, I am sure many people have heard this before, but faced with the uncertain future of the VUCA era, I believe that Ushio must take a frank and bold approach. By working to reinforce Ushio Group's governance system in my role as director as mentioned above, I hope to contribute to the Group's development.



Profile

Naoaki Mashita
Outside Director

I founded a software startup called V-cube, Inc. in 1998, when I was still in college, and have now been running the Company for 25 years. I have experience of overseas expansion, domestic and overseas M&A, stock listing (listed on Mothers in 2013, listed on the First Section of the Tokyo Stock Exchange in 2015), the starting of numerous new businesses, open innovation with large companies, and establishing multiple start-ups as a serial entrepreneur. Over the past few years, as a Vice Chairman of the Japan Association of Corporate Executives, I have been actively working on startup promotion, regulatory reform, and cooperation with ASEAN from the standpoint of the business world.

Founded by Jiro Ushio, a greatly respected founder as well as chairman of the Japan Association of Corporate Executives, Ushio Inc. has seen significant global growth as an innovative leader in optical technology. However, I recognize that the time has come for us to make major changes in order to achieve sustainable growth. While I have been appointed as an outside director, I still have relatively little experience in this role, and the startups I have been involved differ from Ushio in terms of scale and the industries they work in.

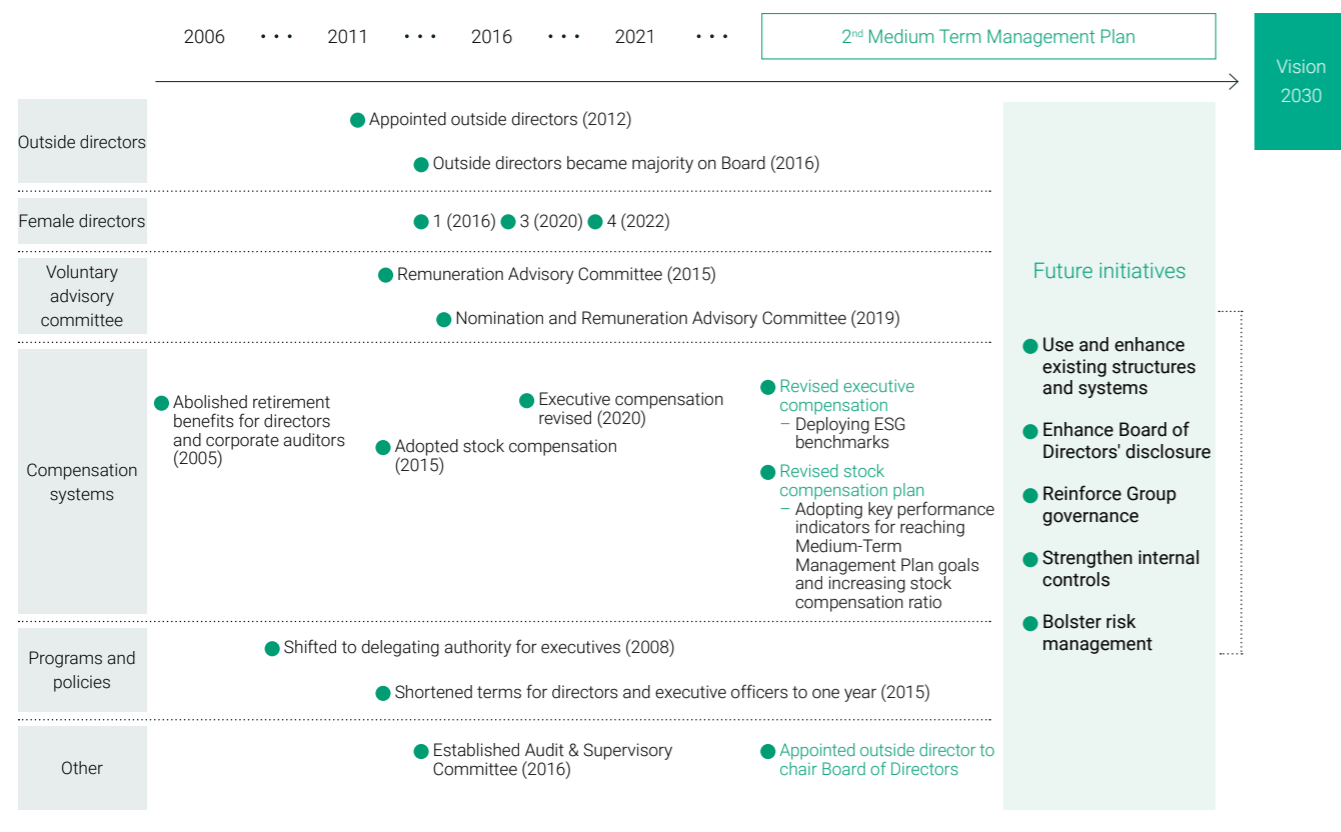
Nevertheless, I hope to make a contribution as an outside director through my experience of working in new areas, facing constant change, digitalization and global expansion. Taking advantage of the fact that I am a similar age to Ushio's mid-career employees, I will strive to contribute to Ushio's long-term sustainable growth through dialogue with the people responsible for shaping the Company's future.

Corporate Governance

Ushio recognizes that realizing its Management Philosophy, as well as promoting the sustainable growth of Ushio and increasing corporate value over the medium-to long-term, will bring satisfaction to all stakeholders.

To achieve this goal, Ushio strives to ensure the transparency and efficiency of corporate management and to reinforce corporate governance in order to realize speedy and resolute decision-making.

Initiatives Relating to Governance at Ushio



Corporate Governance System (As of June 29, 2023)

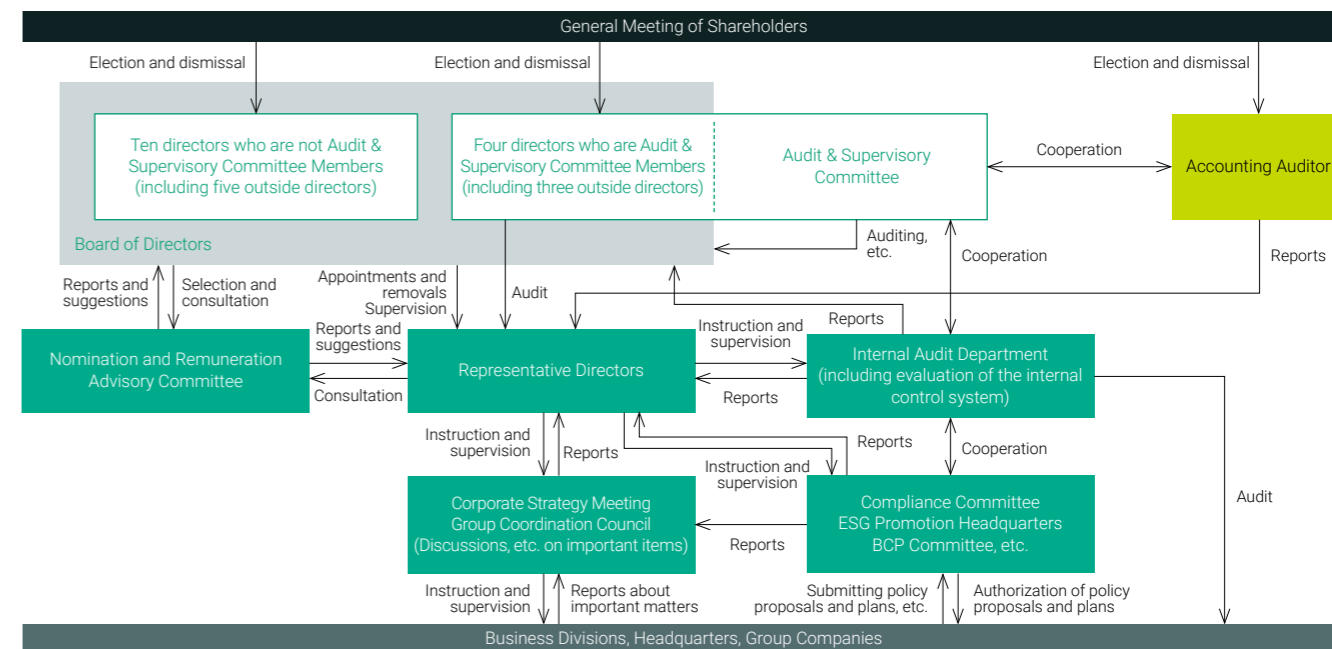
Ushio uses an Audit & Supervisory Committee system, which fosters prompt decision-making by delegating decisions for certain important business matters from the Board of Directors to the executive directors. It has also strengthened the supervisory function of the Board of Directors by ensuring that the majority of its members are outside directors. The system has also been reinforcing audit and supervisory functions by having established an Audit & Supervisory Committee with the authority to assess the legality and validity of board members in performing their duties.

In addition to establishing a system for more accurate and prompt business execution through the executive officer system, Ushio has established a Corporate Strategy Meeting and Group

Coordination Council to discuss and report on important matters.

Furthermore, there is a Nomination and Remuneration Advisory Committee for the purpose of ensuring the fairness and appropriateness of the nomination and remuneration of directors. The Nomination and Remuneration Advisory Committee is chaired by and comprises a majority of outside directors. The committee is chaired by Sakie Tachibana Fukushima (independent outside director) and its responsibilities as advisors to the Board of Directors and the representative directors consist of advice and recommendations concerning the structure and level of remuneration for directors, evaluations of the contributions of individual directors to business performance, and the nomination of director candidates.

Outline of Governance



Activities of the Board of Directors

Ushio's Board of Directors met 11 times in fiscal 2022. The main items for examination by the Board of Directors included the status and appropriateness of the implementation of the Medium-Term Management Plan up to March 2023 and related measures, strategies and issues relevant to each business and the implementation of related measures, the formulation of the Medium-Term Management Plan commencing in April 2023, the formulation of financial capital strategies, the operational status of risk management and internal control systems, the promotion of

personnel-related measures such as talent development and recruitment, the promotional status of ESG management, dialogue with institutional investors, and examination of the propriety of cross shareholdings. In addition, meetings attended only by outside directors, known as executive sessions, are held on a regular basis to ensure a forum for information exchange and to establish common understanding based on independent, objective perspectives. A total of 6 executive sessions were held in fiscal 2022.

Evaluation of the Effectiveness of the Board of Directors

Ushio conducts questionnaires and interviews regarding individual directors concerning the composition of the Board of Directors, the status of operations, matters discussed, and more, and analyzes and evaluates the effectiveness of the Board of Directors once per year. As a result of the analysis and evaluations conducted in fiscal 2022, the Company judges that the effectiveness of the Board of Directors has been generally secured.

Meanwhile, the Board of Directors has identified and shared the need for measures relating to setting agendas in advance in order to promote effective deliberation given the limited time and opportunities for meetings and the need to further enhance the content of materials as issues that need to continue being addressed going forward. The Company will continuously engage in improving these processes.

Corporate Governance

Audit & Supervisory Committee

The Audit & Supervisory Committee comprises four directors who are Audit & Supervisory Committee members, and has been established to oversee the directors' performance of duties. Ushio has also appointed a full-time Audit & Supervisory Committee member to enhance the efficacy of audits by collecting information from directors (excluding those who are also Audit & Supervisory Committee members) and employees, and coordinating smoothly with the internal audit department and Accounting Auditor.

The full-time member Nobuyuki Kobayashi has experience working in the finance departments of the Company, and therefore possesses a high level of expertise regarding finance and accounting. The outside member Akemi Sunaga is a certified public accountant and certified public tax accountant and also possesses a high level of expertise pertaining to finance and accounting. The outside member Chiaki Arizumi has years of experience working at a public financial institution and therefore possesses a high level of expertise regarding finance and accounting.

The Audit & Supervisory Committee meets once a month, in principle, to supervise the management of the Company and

conduct audits on the appropriateness of business execution by the directors. In fiscal 2022, the committee met 13 times.

Specific items for examination by the Audit & Supervisory Committee include formulation of annual audit plans, which include key audit matters and the division of roles between each member of the Audit & Supervisory Committee; the status of directors' performance of duties through regular interviews with the representative directors; the status and appropriateness of the implementation of the Medium-Term Management Plan and related measures; the status and appropriateness of accounting audits and internal control audits in accordance with audit plans by the Accounting Auditor; the establishment and operational status of Group internal control systems; the monitoring of the management status of Group companies; the status of the Company's compliance and risk management and audit activities of full-time Audit & Supervisory Board members; and other key audit matters (KAM). The audit and supervision of these various factors are carried out from the perspectives of legality and validity.

Policy on Determining Officer Remuneration Amounts and Remuneration Calculation Method from Fiscal 2023

As Ushio works toward the realization of Vision 2030, in line with the start of the 2nd Medium-Term Management Plan based on the pillars of building a structure to provide light solutions, overhauling the business portfolio and expanding strategic investments, it was decided to move to an evaluation and remuneration system that is more closely linked to this Medium-Term Management Plan, starting in April 2023. From the next consolidated fiscal year onwards, the content of the policy on determining matters such as individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members; the same shall apply hereinafter) and executive officers who have entered into an delegation agreement with the Company (hereinafter, directors and applicable executive officers are referred to collectively as "Directors, etc.") shall be revised as follows. Ushio's Board of Directors made resolution on this policy at a meeting held on May 11, 2023. When making this resolution, the Board of Directors consulted with and received reports in advance from the Nomination and Remuneration Advisory Committee.

Also, remuneration for directors who are Audit & Supervisory Committee members has been determined through discussions among such members.

1. Basic Policy on Remuneration

- The remuneration should increase motivation to realize Vision 2030 and the targets of the Medium-Term Management Plan that commenced in fiscal 2023.
- Remuneration should lead to continuous improvement of business performance and corporate value over the medium- to long-term.

- Remuneration should be closely linked with the Company's performance / Company values, and also be highly transparent and objective.
- Remuneration should be at a level that enables recruitment and retention of diverse and talented personnel, considering the level of companies listed on TSE Prime and companies of the same size in the same industry.
- Remuneration should be determined through a transparent process to ensure the trust and support of the stakeholders.

2. Policies on the Composition and Composition Ratio of Remuneration

Remuneration for Directors, etc. consists of fixed monetary remuneration, short-term performance-linked monetary remuneration, and medium- to long-term performance-linked stock remuneration.

The remuneration level and the ratio of remuneration of the Directors, etc. are determined based on the basic policy, objective comparison with officers' remuneration data of external research organizations before, and subsequent deliberation by the Nomination and Remuneration Advisory Committee. The percentage of fixed monetary remuneration, the short-term performance-linked monetary remuneration, and medium- to long-term performance-linked stock remuneration, which are configured according to the positions for Directors excluding Outside Directors, are set approximately at the levels shown in the following table when standard targets are achieved.

Position	Percentage of Fixed Monetary Remuneration	Percentage of Short-term Performance-linked Monetary Remuneration	Percentage of Medium- to Long-Term Performance-linked Stock Remuneration
Representative Director	50%	25%	25%
Directors	55%	25%	20%

3. Policies on Short-Term Performance-Linked Monetary Remuneration

The short-term performance-linked monetary remuneration will be determined, based on the Basic Policy, according to the position and the degree of achievement of performance targets (consolidated performance evaluation and performance evaluation of the division in charge) of the fiscal year in order to further increase the motivation of Directors, etc. to contribute to the enhancement of corporate value and to drive the steady implementation of the current Medium-Term Management Plan. Evaluation indicators are linked to the important indicators of the Medium-Term Management Plan. The indicators, ratios, and target values are set as shown in the table below.

This type of remuneration is paid in a lump sum after the end of the fiscal year in an amount determined by multiplying the base amount set for each position by a coefficient set according to the degree of achievement of each evaluation indicator. Short-term performance-linked monetary remuneration varies from 0 to 200%.

Indicators	Director Portion	Executive Officer Portion	
	ROE*	Consolidated EBITDA	Achievement ratio of the target of each department in charge
Ratios	100%	50%	50%
Target Values	Linked to the consolidated performance target values of the fiscal year	Linked to the performance target values of the fiscal year of each department in charge	

* The target value of ROE will be calculated excluding new amortization of goodwill.

4. Policies on medium- to long-term Performance-Linked Stock Remuneration

Medium- to long-term performance-linked stock remuneration will be determined, based on the basic policy, according to the position, degree of achievement of the performance targets and ESG targets in the relevant fiscal year, with the aim of further enhancing the motivation of Directors, etc. (excluding non-residents of Japan) to contribute to the improvement of corporate value and driving the steady implementation of the current Medium-Term Management Plan. Evaluation indicators are linked to the important indicators of the Medium-Term Management Plan. The indicators, ratios, and target values are set as shown in the following table.

The stock points*¹ for medium- to long-term performance-linked stock remuneration granted to Directors, etc. (excluding non-residents of Japan) at a fixed time each year are calculated by multiplying the base stock points*² set for each position by a coefficient set

according to the degree of achievement of each evaluation indicator, which varies from 0 to 200%. When a director resigns, the Company will deliver to him/her the number of Company shares determined by multiplying the cumulative number of stock points granted to him/her during his/her term of office by one share per stock point.

Indicators	Director Portion	Executive Officer Portion		
	ROE * ³	Consolidated EBITDA	Engagement score * ⁴	ESG rating score * ⁵
Ratios	100%	70%	18%	12%
Target Values	Linked to the consolidated performance target values of the fiscal year		Linked to the ESG targets	

*¹ In order to drive the steady implementation of the Medium-Term Management Plan, the base number of stock points set for different positions is weighted toward the final fiscal year of the Medium-Term Management Plan. Therefore, the maximum of the total number of share points per year that Directors, etc. (excluding non-residents of Japan) can receive is 165,000 share points in the last fiscal year of the evaluation period and 127,500 share points in other fiscal years subject to the evaluation.

*² The base stock points for medium- to long-term performance-linked stock remuneration are calculated by dividing the amount of medium- to long-term performance-linked remuneration for each position set in advance by the average closing price of the Company's shares between January 4, 2023, and March 31, 2023.

*³ The target value of ROE will be calculated excluding new amortization of goodwill.

*⁴ The Company defines engagement as a "state of feeling that relationships with the Company or colleagues at the workplace are valuable and feeling motivated to make an active contribution" and uses as an engagement score the percentage of employees who have given an affirmative answer to a question indicating such state.

*⁵ FTSE Russell ESG Ratings are used as the indicator.

5. Policies on the Timing and Conditions for Granting Remuneration

Fixed monetary remuneration is paid as a fixed monthly amount. Short-term performance-linked monetary remuneration is paid in a lump sum after the end of the fiscal year. As for medium- to long-term performance-linked stock remuneration, Company shares corresponding to the accumulated stock points granted individually are delivered, and the cash equivalent of the conversion value of said shares is paid if Directors, etc., fulfill the beneficiary requirements, in principle after retiring their positions, in accordance with the Rules on Share Delivery for Directors, etc. prescribed by resolution of the Board of Directors.

6. Matters Related to Delegating Authority for Decision-Making on Remuneration

To ensure fairness and appropriateness, the concrete amount of remuneration paid to individual Directors shall be determined by the Nomination and Remuneration Advisory Committee, which comprises the committee chair and committee members where no less than half of its members are Outside Directors, on the grounds of delegation by the Board of Directors, according to the system and level of remuneration for Directors, etc., as well as deliberations on an evaluation of the degree of contribution to the performance of each Director, etc.

Corporate Governance

Total Remuneration for Director Categories, Total Amount by Type of Remuneration, and Number of Eligible Directors in fiscal 2022

Director Category	Total Amount of Remuneration (millions of yen)	Total Amount by Type of Remuneration (millions of yen)			Number of Eligible Directors
		Fixed Compensation (monetary compensation)	Performance-linked Compensation (monetary compensation)	Performance-linked Compensation (stock)	
Directors (excluding directors who are Audit & Supervisory Committee members or outside directors)	248	123	86	37	4
Directors who are Audit & Supervisory Committee members (excluding outside directors)	24	24	—	—	1
Outside directors	67	67	—	—	8

(Note 1) Performance-linked compensation (stock) is the amount recorded as expenses in the fiscal 2022 according to Japanese GAAP.
 (Note 2) The remuneration for directors (excluding directors who are outside directors or Audit & Supervisory Committee members) comprises fixed monetary compensation, performance-linked monetary compensation, and performance-linked stock compensation. The remuneration for outside directors and directors who are Audit & Supervisory Committee members is solely fixed monetary compensation.
 (Note 3) At the Annual General Meeting of Shareholders held on June 29, 2016, shareholders approved a resolution to limit the remunerations (excluding performance-linked stock compensation) for directors (excluding directors who are Audit & Supervisory Committee members) to ¥540 million per year (of which the portion for outside directors is up to ¥84 million). In addition, the Articles of Incorporation limit the number of directors (excluding directors who are Audit & Supervisory Committee members) to 12.
 (Note 4) At the Annual General Meeting of Shareholders held on June 29, 2016, shareholders approved a resolution to limit the remunerations for directors who are Audit & Supervisory Committee members to ¥84 million per year. In addition, the Articles of Incorporation limit the number of directors who are Audit & Supervisory Committee members to 5.
 (Note 5) The stock compensation system for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) and executive officers who have entered into an engagement agreement with the Company (excluding non-residents of Japan) was established by resolutions passed at the Annual General Meeting of Shareholders held on June 26, 2015 and the Annual General Meeting of Shareholders held on June 29, 2016. Furthermore, as stated in the Policy on Determining Officer Remuneration Amounts and Remuneration Calculation Method from Fiscal 2023 established by a resolution at the Annual General Meeting of Shareholders held on June 29, 2023, the system shall be partially revised from fiscal 2023 onwards.
 (Note 6) The specific amount of monetary compensation paid to individual directors (excluding directors who are Audit & Supervisory Committee members) in fiscal 2022 was determined by the Nomination and Remuneration Advisory Committee, which is chaired by and comprises a majority of outside directors, based on the authority delegated to them by the Board of Directors, with the purpose of ensuring the fairness and validity of this decision.
 (Note 7) Remuneration for directors who are Audit & Supervisory Committee members for fiscal 2022 was determined through discussions among such members.

Cross-Shareholdings

Ushio maintains cross-shareholdings with important business partners aiming to enhance the medium- to long-term corporate value of Ushio Group through maintaining and strengthening the relationships with such business partners. The cross-shareholdings are regularly examined by the Board of Directors through comprehensively judging the medium- to long-term economic rationality of each shareholding with regard to the dividends and transaction amounts, and whether it contributes to enhancing medium- to long-term corporate value in view of business strategies etc. of Ushio Group. Any cross-shareholdings whose significance has waned will be sold after considering the status, etc. of the business partner with whom Ushio maintains cross-shareholdings. Voting rights of

cross-shareholdings will be exercised after closely examining all bills from the viewpoint of enhancing the medium- to long-term corporate value of Ushio Group and the business partner with whom the Company maintains the cross-shareholding and properly judging our opinion regarding each bill. We will oppose a bill if it would significantly damage value for shareholders or if serious concerns about corporate governance such as social misconduct surface. If a shareholder of the cross-shareholdings states the intention to sell shares of Ushio, we will never attempt to impede the transaction by, for example, suggesting they reduce the transaction amount, and will properly respond to such sales.

Risk Management

Up to now, Ushio Group has carried out risk management in an integrated manner by assigning departments responsible for each type of risk and a person in charge of responding to each type of risk, then implementing cooperation between the relevant departments at each Group company. However, in light of the increasingly uncertain business environment, we moved forward with a review of this system from fiscal 2022. In order to rebuild and strengthen our

Group-wide risk management system, we have established risk management policies and a Risk Management Committee, and are proceeding to carry out Group-wide risk assessments, identify risks and re-screen important risks. Through a PDCA cycle of risk management, we aim to enhance trust among all stakeholders, achieve the Ushio Group's management targets, and realize sustainable growth.

Basic Approach to Risk Management

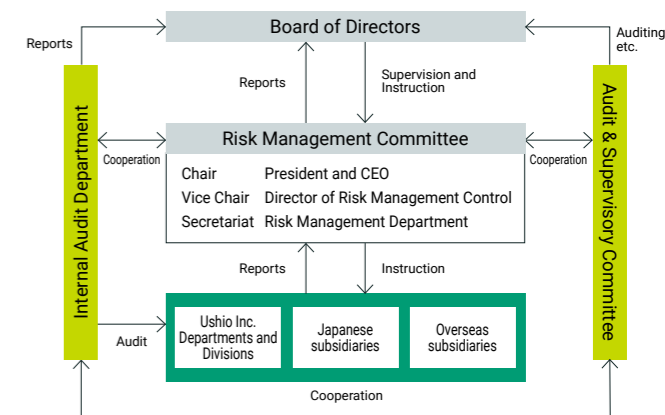
Ushio Group aims to achieve its management goals and realize sustainable growth by accurately identifying, evaluating and responding to risks that may impede the implementation of its Management Philosophy and the enhancement of its corporate value. We also strive to fulfill our social responsibilities as a company, ensure that we continue to earn the trust of our stakeholders, and reinforce and enhance our governance systems.

Basic Principles

- ① We will establish and implement a comprehensive, all-encompassing risk management system in order to manage risks related to the business activities of the entire Ushio Group.
- ② We shall identify, analyze, evaluate and review risks, and shall engage in information sharing and appropriate risk management activities in order to reduce risks and prevent the materialization of risks.
- ③ We shall respond with promptness and precision in the event that an incident does occur, and shall implement recovery measures to minimize losses, then make improvements to prevent recurrences.
- ④ We shall strive to build both a prosperous Company and prosperous employees and work to protect our assets.
- ⑤ We shall strive to achieve sound and stable management while supporting happiness for people and the development of society.

Risk Management System

Ushio has established a Risk Management Committee chaired by the Company president and comprising members nominated by executive directors and the Company president. Risk management pertains to the entirety of Ushio Group and is the responsibility of the company President, who is the Chair of the Risk Management Committee. Risk assessments are carried out throughout the Group, and reports are submitted to the Risk Management Committee. In addition to monitoring these activities, the committee conducts identification, evaluation, formulation of response plans, and monitoring with regards to significant risks across the entire Group. These measures are reported to the Board of Directors, which confirms the effectiveness of risk management based on the content of these reports. In principle, the Risk Management Committee meets at least three times each year and holds emergency meetings as necessary. This series of processes carried out by the Risk Management Committee takes place independently from the Audit & Supervisory Committee.



Response to Risk

Please refer to the Annual Securities Report for fiscal 2022 (only in Japanese) for information regarding our responses to risk.

Please see the following URL for more details (available only in Japanese): https://www.usbio.co.jp/documents/ir/library/valuable_s/2022/valuable_s_pdf_202303.pdf

Directors

Directors (as of June 29, 2023)



Koji Naito

President and Chief Executive Officer

Naoki Kawamura

Representative Director and Senior Executive Vice President

Name and Position

Brief profile

Apr. 1986 Joined Ushio Inc.
Oct. 2014 Executive Officer
Apr. 2015 Senior Executive Officer
General Manager, Light Source Business Division
Apr. 2016 Managing Executive Officer
Apr. 2019 Chief Executive Officer
Jun. 2019 President and Chief Executive Officer (incumbent)

Apr. 1986 Joined Ushio Inc.
Apr. 2015 Executive Officer
Apr. 2017 Senior Executive Officer
Apr. 2018 Managing Executive Officer
Apr. 2019 Senior Managing Executive Officer
General Manager, Business Management Headquarters and General Manager, System Solution Division, Business Management Headquarters
May 2019 General Manager, Business Management Headquarters and General Manager, System Solution Division, Business Management Headquarters and General Manager, Business Development Division, Business Management Headquarters
Jun. 2019 Director and Senior Managing Executive Officer
Apr. 2020 General Manager, Business Management Headquarters and General Manager, System Solution Division, Business Management Headquarters and General Manager, Incubation Center, Business Management Headquarters
May 2020 Representative Director and Senior Managing Executive Officer
Apr. 2022 Representative Director, Senior Executive Vice President and Chief Operating Officer (incumbent)
General Manager, Business Management Headquarters and General Manager, System Solution Division, Business Management Headquarters
Apr. 2023 General Manager, Business Management Headquarters (incumbent)

Term of office	4 years	4 years
Independent Outside Director		
Attendance at Board of Directors' meetings	100% (11/11)	100% (11/11)
Attendance at the Audit & Supervisory Committee		
Attendance at the Nomination and Remuneration Advisory Committee	● (9/9)	

Skill Matrix	Corporate Management	●	●
	Global Business	●	
	Finance / Accounting / M&A		
	Manufacturing / Technical / R&D / New Business	●	●
	IT / DX		
	Sales / Marketing	●	●
	Legal / Risk Management		
	Human Capital Strategy	●	
Sustainability / ESG	●		



Kazuhisa Kamiyama

Director and Managing Executive Officer

Takabumi Asahi

Director and Managing Executive Officer

Tetsuo Nakano

Director and Managing Executive Officer

Sep. 1995 Joined Ushio Inc.
Apr. 2016 Executive Officer
Apr. 2018 General Manager, Corporate Headquarters
Jul. 2018 Group Executive Officer
Chief Financial Officer, CHRISTIE DIGITAL SYSTEMS INC.
Apr. 2019 Group Senior Executive Officer
President, CHRISTIE DIGITAL SYSTEMS INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS USA, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS CANADA INC.
Jun. 2019 Director and Group Senior Executive Officer
Apr. 2022 Director and Managing Executive Officer (incumbent)
Deputy General Manager, Business Management Headquarters and General Manager, Light Source Business Division, Business Management Headquarters
Apr. 2023 Deputy General Manager, Business Management Headquarters and General Manager, Life Science Division, Business Management Headquarters (incumbent)

Apr. 2017 Joined Ushio Inc.
Jul. 2017 Deputy General Manager, Corporate Headquarters
Oct. 2017 Deputy General Manager, Corporate Headquarters and General Manager, Corporate Planning Department, Corporate Strategy Division, Corporate Headquarters
Apr. 2018 Executive Officer
Deputy General Manager, Corporate Headquarters and General Manager, Corporate Strategy Division, Corporate Headquarters and General Manager, Corporate Planning Department, Corporate Strategy Division, Corporate Headquarters
Jul. 2018 General Manager, Corporate Strategy Division and General Manager, Corporate Planning Department, Corporate Strategy Division
Apr. 2019 Senior Executive Officer
General Manager, Corporate Headquarters and General Manager, Corporate Strategy Division, Corporate Headquarters and General Manager, Corporate Planning Department, Corporate Strategy Division, Corporate Headquarters
Jul. 2019 General Manager, Corporate Headquarters
Jun. 2021 Director and Senior Executive Officer
Apr. 2022 Director, Managing Executive Officer and Chief Financial Officer (incumbent)
Apr. 2023 General Manager, Corporate Headquarters and General Manager, Group Corporate Strategy Division, Corporate Headquarters (incumbent)

Apr. 1988 Joined Ushio Inc.
Apr. 2016 Group Executive Officer
Chairman, Ushio Shanghai, Inc.
Apr. 2017 Group Senior Executive Officer
Apr. 2018 Group Managing Executive Officer
Apr. 2019 Managing Executive Officer
Deputy General Manager, Business Management Headquarters and General Manager, Light Source Business Division, Business Management Headquarters
Apr. 2022 General Manager, ESG Promotion Headquarters (incumbent)
Jun. 2023 Director and Managing Executive Officer (incumbent)

Term of office	4 years	2 years	—
Attendance at Board of Directors' meetings	100% (11/11)	100% (11/11)	—
Attendance at the Audit & Supervisory Committee			
Attendance at the Nomination and Remuneration Advisory Committee			

Corporate Management	●	●	●
Global Business	●	●	●
Finance / Accounting / M&A	●	●	
Manufacturing / Technical / R&D / New Business			
IT / DX			
Sales / Marketing		●	●
Legal / Risk Management	●	●	
Human Capital Strategy		●	
Sustainability / ESG			●

Directors

Directors (as of June 29, 2023)







Name and Position	Yasufumi Kanemaru Outside Director	Sakie Tachibana Fukushima Outside Director
Brief profile	<p>Apr. 1979 Joined TKC Corporation</p> <p>Apr. 1982 Joined Logic Systems International, Inc.</p> <p>Sep. 1985 Director, NTT PC Communications Incorporated</p> <p>Nov. 1989 Established Future System Consulting Corp. (currently Future Corporation) and served as President and Chief Executive Officer</p> <p>Mar. 2006 Chairman, President and Chief Executive Officer, Future System Consulting Corp.</p> <p>Jan. 2007 Chairman and Chief Executive Officer, Future Architect, Inc. (currently Future Corporation)</p> <p>Mar. 2011 Chairman, President and Chief Executive Officer, Future Architect, Inc.</p> <p>Jun. 2015 Outside Director (incumbent)</p> <p>Jul. 2015 Chairman, Future Architect, Inc.</p> <p>Apr. 2016 Chairman, President and Group Chief Executive Officer, Future Corporation (incumbent)</p> <p>Chairman and Representative Director, Future Architect, Inc.</p> <p>Mar. 2022 Chairman, Future Architect, Inc. (incumbent)</p>	<p>Jun. 1980 Joined Braxton International</p> <p>Sep. 1987 Joined Bain & Company, Inc.</p> <p>Aug. 1991 Joined Korn/Ferry International-Japan</p> <p>May 1995 Director, Korn/Ferry International</p> <p>Sep. 2000 Regional Managing Director, Korn/Ferry International-Japan</p> <p>Jul. 2001 President and Representative Director, Korn/Ferry International-Japan</p> <p>May 2009 Chairman & Representative Director, Korn/Ferry International-Japan</p> <p>Jul. 2010 President & Representative Director, G&S Global Advisors Inc. (incumbent)</p> <p>Jun. 2016 Outside Director (incumbent)</p> <p>Jun. 2020 Outside Director, Kyushu Electric Power Company, Incorporated (incumbent)</p> <p>Jun. 2022 Outside Director, Aozora Bank, Ltd. (incumbent)</p>
Term of office	8 years	7 years
Independent Outside Director	●	●
Attendance at Board of Directors' meetings	100% (11/11)	100% (11/11)
Attendance at the Audit & Supervisory Committee		
Attendance at the Nomination and Remuneration Advisory Committee	● (9/9)	● (9/9)
Skill Matrix		
Corporate Management	●	
Global Business		●
Finance / Accounting / M&A		
Manufacturing / Technical / R&D / New Business		
IT / DX	●	
Sales / Marketing		
Legal / Risk Management		●
Human Capital Strategy		●
Sustainability / ESG		

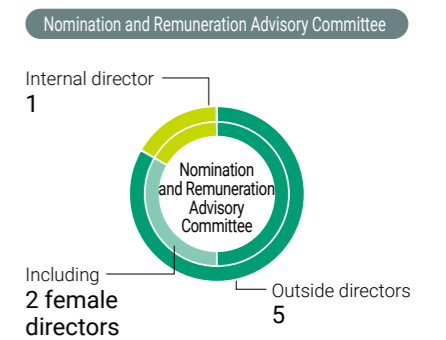
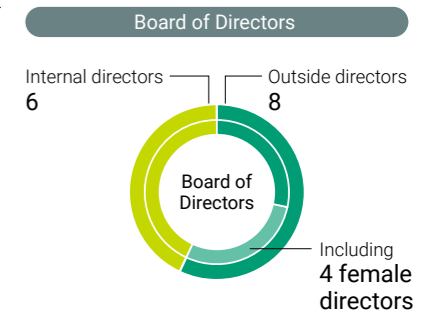
Name and Position	Toyonari Sasaki Outside Director	Masatoshi Matsuzaki Outside Director	Naoaki Mashita Outside Director
Brief profile	<p>Apr. 1976 Joined the Ministry of Finance</p> <p>Jul. 2003 Deputy Director, General of the Budget Bureau</p> <p>Jul. 2007 First Deputy Commissioner, National Tax Agency</p> <p>Jul. 2008 Director, General of the Financial Bureau</p> <p>Jan. 2010 Assistant Chief Cabinet Secretary, Cabinet Secretariat</p> <p>Apr. 2013 Chief Domestic Coordinator, Governmental Headquarters for the Trans-Pacific Strategic Economic Partnership Agreement (TPP), Cabinet Secretariat</p> <p>Apr. 2016 Vice Chairman, the Life Insurance Association of Japan (incumbent)</p> <p>Jun. 2019 Outside Director (incumbent)</p>	<p>Apr. 1976 Joined Konishiroku Photo Industry, Inc. (currently Konica Minolta, Inc.)</p> <p>Oct. 2003 Director, Konica Minolta Business Technologies Inc.</p> <p>Apr. 2005 Executive Officer, Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.)</p> <p>President and Chief Executive Officer, Konica Minolta Technology Center, Inc.</p> <p>Apr. 2006 Senior Executive Officer, Konica Minolta Holdings, Inc.</p> <p>Jun. 2006 Director and Senior Executive Officer, Konica Minolta Holdings, Inc.</p> <p>Apr. 2009 Director, President, Chief Executive Officer and Representative Executive Officer, Konica Minolta Holdings, Inc.</p> <p>Apr. 2014 Director and Chair of the Board of Directors, Konica Minolta, Inc.</p> <p>Jun. 2019 Outside Director and Chair of the Board of Directors, LIXIL Group Corporation (currently LIXIL Corporation) (incumbent)</p> <p>Aug. 2021 Outside Director, SmartHR, Inc.</p> <p>Apr. 2022 Outside Director and Chair of the Board of Directors, SmartHR, Inc. (incumbent)</p> <p>Jun. 2022 Outside Director</p> <p>Special Advisor, Konica Minolta, Inc.</p> <p>Mar. 2023 Outside Audit & Supervisory Board Member, Lion Corporation (incumbent)</p> <p>Jun. 2023 Outside Director and Chair of the Board of Directors (incumbent)</p> <p>Honorary Advisor, Konica Minolta, Inc. (incumbent)</p>	<p>Oct. 1998 Established V-cube Internet (currently V-cube, Inc.) and served as President and CEO</p> <p>Jan. 2004 President and CEO, V-cube Broad Communications, Inc. (currently V-cube, Inc.)</p> <p>Oct. 2015 Director, V-cube Robotics Japan, Inc. (currently SENSYN ROBOTICS, Inc.)</p> <p>Director, Wizlearn Technologies Pte. Ltd. (incumbent)</p> <p>Nov. 2018 President and CEO, SENSYN ROBOTICS, Inc.</p> <p>Aug. 2019 Chairman and Representative Director, SENSYN ROBOTICS, Inc.</p> <p>Jun. 2021 Director, SENSYN ROBOTICS, Inc. (incumbent)</p> <p>Director, Xyvid, Inc. (incumbent)</p> <p>Mar. 2022 Representative Director, Chairman & Group CEO, V-cube, Inc. (incumbent)</p> <p>Sep. 2022 Outside Director, MICIN, Inc. (incumbent)</p> <p>Jun. 2023 Outside Director of the Company (incumbent)</p> <p>Outside Director, Sumitomo Mitsui Trust Bank, Limited (incumbent)</p>
Term of office	4 years	1 year	–
Independent Outside Director	●	●	●
Attendance at Board of Directors' meetings	100% (11/11)	100% (8/8)	–
Attendance at the Audit & Supervisory Committee			
Attendance at the Nomination and Remuneration Advisory Committee	● (8/8)	● (8/8)	
Skill Matrix			
Corporate Management		●	●
Global Business	●	●	●
Finance / Accounting / M&A			
Manufacturing / Technical / R&D / New Business		●	
IT / DX			●
Sales / Marketing			
Legal / Risk Management	●	●	
Human Capital Strategy			
Sustainability / ESG		●	

Directors

Directors (as of June 29, 2023)

		
Name and Position	Nobuyuki Kobayashi Director (Full-time Audit & Supervisory Committee Member)	Rei Sugihara Outside Director (Audit & Supervisory Committee Member)
Brief profile	Apr. 1982 Joined Ushio Inc. Apr. 2007 Executive Officer Jul. 2011 Senior Executive Officer Jun. 2013 Director and Managing Executive Officer Apr. 2014 General Manager, Corporate Management Division Apr. 2016 In charge of Corporate Headquarter Jun. 2016 Director (a Full-time Audit & Supervisory Committee Member) (incumbent)	Apr. 1986 Judge Apr. 1995 Attorney-at-law (incumbent) Jan. 1996 Joined Koga Sogo Law Office (currently Kasumi Sogo Law Office) Oct. 2004 Partner Lawyer, Kasumi Sogo Law Office (incumbent) Jun. 2020 Outside Director (an Audit & Supervisory Committee Member) (incumbent) Jan. 2023 Outside Director (Audit & Supervisory Committee Member), TOMOE Engineering Co., Ltd. (incumbent)
Term of office	10 years	3 years
Independent Outside Director		●
Attendance at Board of Directors' meetings	100% (11/11)	100% (11/11)
Attendance at the Audit & Supervisory Committee	● (13/13)	● (13/13)
Attendance at the Nomination and Remuneration Advisory Committee		● (9/9)
Skill Matrix		
Corporate Management		
Global Business		
Finance / Accounting / M&A	●	
Manufacturing / Technical / R&D / New Business		
IT / DX		
Sales / Marketing		
Legal / Risk Management	●	●
Human Capital Strategy		
Sustainability / ESG		

		
Name and Position	Akemi Sunaga Outside Director (Audit & Supervisory Committee Member)	Chiaki Ariizumi Outside Director (Audit & Supervisory Committee Member)
Brief profile	Oct. 1989 Joined Auditing Department of Aoyama Audit Corporation (currently PricewaterhouseCoopers Aarata LLC) Feb. 1991 Joined Auditing Department of Chuo Audit Corporation Aug. 1993 Certified Public Accountant (incumbent) Oct. 1994 Certified Public Tax Accountant (incumbent) Nov. 1994 Established Sunaga CPA Firm and served as Representative Director (incumbent) Nov. 1996 Established Marunouchi Business Consulting Ltd. and served as Representative Director (incumbent) Jan. 2012 Established Marunouchi Business Consulting Tax Co. and served as Senior Partner (incumbent) Jun. 2017 Established Marunouchi Audit Corporation and served as Senior Partner (incumbent) Jun. 2020 Outside Director (an Audit & Supervisory Committee Member) (incumbent) Outside Director (an Audit & Supervisory Committee Member), YOMEISHU SEIZO CO.,LTD. (incumbent) Jun. 2021 Outside Audit & Supervisory Board Member, Prima Meat Packers, Ltd. (incumbent) Jun. 2022 Outside Director, KYB Corporation (incumbent) Mar. 2023 Outside Audit & Supervisory Board Member, Lion Corporation (incumbent)	Apr. 1987 Joined the Bank of Japan May 1998 Deputy Manager, International Department (Head of Europe and the Americas Group), Bank of Japan Jul. 2002 Manager, Nagoya Branch, the Bank of Japan Jul. 2005 Director, Information Service Department, the Bank of Japan Jul. 2009 Director, Secretariat of the Policy Board (Head of Economic Organization Negotiations Group), Bank of Japan Jun. 2019 Director, Information Service Department, the Bank of Japan Jan. 2020 Personnel and Corporate Affairs Department, the Bank of Japan Mar. 2020 Retired from Bank of Japan Outside Audit & Supervisory Board Member, KOBAYASHI PHARMACEUTICAL CO., LTD. Outside Audit & Supervisory Board Member, IDEA Consultants, Inc. (incumbent) Jun. 2021 Outside Audit & Supervisory Board Member, Kiraboshi Bank, Ltd. (incumbent) Mar. 2022 Outside Director, KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent) Jun. 2022 Outside Director (an Audit & Supervisory Committee Member) (incumbent)
Term of office	3 years	1 year
Independent Outside Director	●	●
Attendance at Board of Directors' meetings	100% (11/11)	100% (8/8)
Attendance at the Audit & Supervisory Committee	● (13/13)	● (9/9)
Skill Matrix		
Corporate Management		
Global Business		
Finance / Accounting / M&A	●	●
Manufacturing / Technical / R&D / New Business		
IT / DX		
Sales / Marketing		
Legal / Risk Management		
Human Capital Strategy		
Sustainability / ESG		



Please refer to the following website for a list of executive officers.
<https://www.ushio.co.jp/en/company/officer.html>

